Problems Faced by Microcredit Borrowers in Joint Liability Groups (JLGS): Empirical Evidence of NBFC-MFIS in Uttarakhand

Priya Samant, Anurupa B. Singh, Ritesh Dwivedi

Abstract*: Microcredit is proved to be an effective tool for socio-economic development of its borrowers. In the past various models took shape in developing nations and made credit/loan available at the doorstep of the borrowers. The framework for delivering credit is called credit delivery model. Joint Liability Groups (JLGs) were widely adopted by various microfinance institutions in providing credit to the borrower groups. Many studies talked about the success of JLGs but very little literature was available on the problems faced by borrowers in JLGs. Data collected from Haridwar district is used to study the problems faced by borrowers in JLGs. Relation between Group association and problems faced by borrowers was also studied. The findings show that the major problems which borrowers faced include-strict repayment schedule, Non repayment/late repayment of loan, lack of loan information, peer pressure among group members etc. There also exist a relationship between group association and problems faced by borrowers.

Index Terms: ***Microcredit, Joint Liability Groups, Microfinance Institutions (MFIs), Group Association, Credit delivery models***

I. INTRODUCTION

To argue that banking cannot be done with the poor because they do not have collateral is the same as arguing that men cannot fly because they do not have wings. — Muhammad Yunus (Ghatak and Guinnane, 1999). Poverty is a condition in which a person is unable to maintain a standard of living, and is not even able to satisfy the basic necessities of food, shelter, clothes etc. 'Poverty eradication' is amongst one of the 'Millennium Development Goals (MDG)' which has gained attention from nations worldwide. Rising poverty levels has several reasons unemployment being one of them. Lack of income and employment opportunities leaves this segment of population with no choice rather than living surrendering them to adept poverty. Poverty has made wider impact on the nation's health. Lack of access to finance to the lower strata or Bottom of the pyramid (BoP) segment was one of the causes which resulted poor performance of India in Socio-Economic index (SCI).

India had strong network of formal financial institutions but it failed to make its presence amongst bottom of the pyramid. It would not be incorrect that India has two faces, one which made remarkable growth and the other which was still deprived of the finance. The need was then felt to develop an informal system to extend credit or small amount of money to the lower strata with an aim to foster income generation and employment activities. 'Microcredit' intervention proved that credit extended to the lower segment they can help them attain self dependency and explore new path to move out of poverty. The success of microcredit proved that the lower strata had immense potential and credit is a catalyst in their socio economic development. Microcredit was not only successful in reducing poverty levels in India but in many developing nations like Bangladesh, Nepal, Pakistan, Africa, Indonesia, Europe etc.

II. MICROCREDIT DELIVERY THROUGH GROUP MECHANISM

The structure or the framework for delivery microcredit to the borrower (or beneficiary) is known as microcredit model. As per NSSO 70th round survey the non-institutional agencies played a significant role in advancing credit among rural households and it has presence in 19% households in comparison to 17% by institutional agencies (Satish, 2018). Various lending methodologies have been adopted in Self Help Groups (SHGs), Joint Liability Groups (JLGs), Grameen Model etc are few to name. This paper discusses about the group-based lending models primarily the Joint Liability Groups (JLGs). Group based lending is done as (See fig 1) –

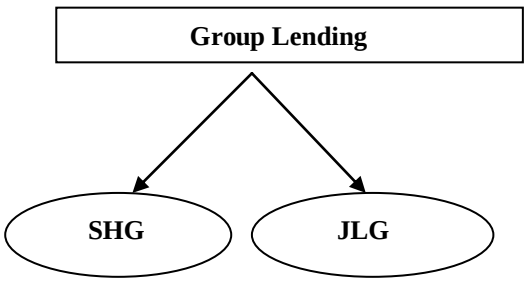

Fig.1 Group Lending

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Eminent Nobel laureate Mohd. Yunus is credited to evolve the Grameen Lending Model in Bangladesh which reached pinnacle of success in fostering socio-economic development of its borrowers (majority of which were poor women) and many other developing nations adopted this model to provide credit to low income segment (Padma, Subryamanyam & Ramesh, 2013). Given the underdeveloped state of empirical literature we do not say that lending via JLGs are effective like Grameen Bank. Adapting Grameen model face difficulties due to challenges posed by local conditions (Yeboah & Oduro, 2018).

Group based lending or solidarity lending is common practice in the field of microfinance. In group lending more people come together in a group to avail the credit/loan. These people not only borrow the credit from Microfinance institutions (MFIs) but also ensure the timely repayment of the loan amount. Group lending enjoys added advantage over other forms of lending including-more people availing credit, peer pressure ensuring timely repayment, collateral free loan and is more cost effective (Padma, Subryamanyam and Ramesh, 2013). The concept of SHGs emerged in India as a project of National Bank for Agricultural and Rural Development (NABARD) on the savings and credit management of Self Help Group of MYRADA (Mysore Resettlement and Development Agency) in 1986-87 (Murugan & Balaramurugan, 2014). (Ghosh, 2012) SHBLP was extended as a strategy for 'financial inclusion' of the poor and marginalised segment by extending making credit easily accessible in a cost-effective manner.

A. *JOINT LIABILITY GROUPS OR JLGs*

Those who are in need of funds and are denied credit from formal financial institutions, come together to form groups and sign the agreement in which they agree to be accountable for their loans but also for the loan of the group members, hence are named as 'Joint Liability Groups'. JLGs are 'credit oriented' and focus on taking credit at the doorstep of low income segment. In the year 2004-05 NABARD started the concept of Joint Group as a pilot project (Pareek, 2015).

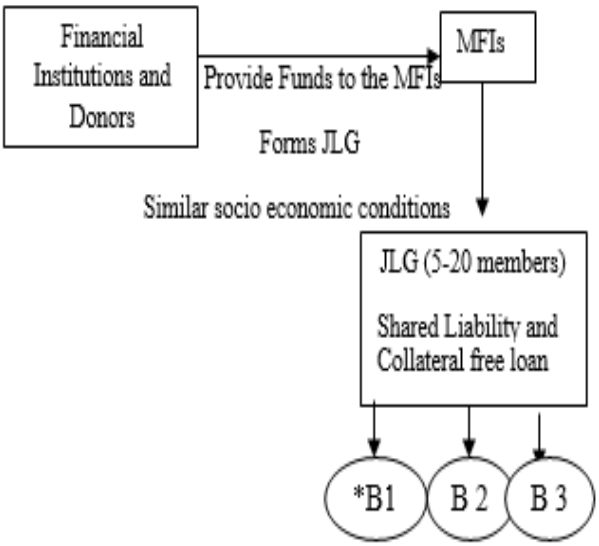

Fig 2. Delivery Mechanism of JLG

***B refers to the different borrowers in the group. So B1= Borrower 1, B2- Borrower 2, B3= Borrower** 3

Figure explains the delivery mechanism of Joint liability Groups (Se Fig 2). The funds to MFIs are provided by the various funding agencies including Commercial Banks, donor institutions, International Organisations etc. with an objective of development. MFIs then form JLG comprising of 5- 20 members with similar socio economic conditions. The Group members avail collateral free loan and shared liability. Once the credit or loan amount is disbursed to the group it is then distributed amongst the borrowers.

Self Help Groups are saving based model whereas JLG model which is adopted from Grameen model of Bangladesh are credit oriented model. It views microfinance with commercial perspective (Sarma and Mehta, 2014). The major difference between the SHGs and JLGs is that in the latter the members of the group share the liability i.e. if any member does not repay the loan on time then the other group members pool the money and repay the amount. Joint Liability Models offers 'social collateral for it borrowers (Peter, 2010). In other words the members in JLG ensure that the other member makes the timely repayment of the loan amount. This ensures the better accountability and security of the MFIs involved in lending.

a. Delivering Microcredit to Women through Group Lending

Women constitute more than half of our working population but still they are considered as a second gender. The situation is deteriorating in the rural/backward areas where women are under privileged and embraced in the socio-cultural customs. The credit services of MFIs have been renowned for its ability to reach out to women and enhance their socio-economic development (Gutu, Mulugeta and Berlie, 2017).

JLGs intervention has made positive impact on livelihood of its borrowers (Srivastava & Debabrata, 2015). Microcredit has resulted in increase in the income of the borrowers along with the improvement in their social status and higher standard of living. It has made positive impact on the education of the children, decision making, mobility, participation, social awareness and led to psychological empowerment (Mishra & Chowbey, 2013). Microcredit has led to social empowerment and improved the living conditions of its borrowers (Vachya, 2015).

A Study by (Padmalochan, 2016) found small size of the loan to SHGs is one of the problems faced by the borrowers resulting in dissatisfaction among the group members. Delay in sanctioning the loans affected the functioning of its members. Another study of SHGs in hill station found non-cooperation among group members, lack of support from family and community organizations, also these groups were not linked with business activities and discussed loan related issues only (Murugan & Balaramurugan, 2014).

(Padmalochan,2016) pointed that easy and accessible way of availing credit has put extra burden on borrowers by stringent repayment pattern, as short repayment period has forced them to even sell their livestock, borrow money from the moneylenders, mortgage land etc. Also the meagre income, death of livestock, immediate need of funds etc has worsened the situation. Among the issue are lack of awareness and mutual understanding among SHG members (Padmalochan, 2016).

Credit provided to the borrowers has also encouraged many small entrepreneurs to start their source of livelihood and also generate employment. Studies have found that Clients of microcredit stated that amount of credit provided was inadequate to start any microenterprise activity and there was need of more skill development programmes by lending organizations. MFIs are adopting Group Lending as it has proven to be having strong repayment history.

III. RESEARCH METHODOLOGY

A.NEED FOR THE STUDY

Literature on Group lending shies away from the negative implications and other aspects of joint liability. This paper is an attempt to take up the problems faced by the borrowers in JLGs. Every coin has two faces-positive and negative. In a similar manner credit delivery through Group lending has not only led to development of the borrowers but also there have been issues which borrowers face while taking group loan. Group lending may have been successful in the countries like Bangladesh, Malaysia, South Korea, Cameroon but there are nations where there have been problems with group lending (Bhole and Ogden, 2010). These issues/problems have been merely discussed in the past. Thus in order to make JLGs sustainable it is important to understand the problems and devise the solutions. Due to negligible literature available, the study is of importance.

B.OBJECTIVES OF STUDY

The study is conducted with two objectives:

- To identify the major problems faced by the borrowers across four villages while availing the loan/credit through JLGs and to identify whether similar type of problems are faced by the borrowers.
- To find the relation between the Group association (number of years borrowers are associated with JLG) and the problems faced by the borrowers.

C.CONTEXT OF STUDY

The Haridwar district of Uttarakhand has several Non Banking Financial Companies-Micro Finance Institutions (NBFC-MFIs) actively involved in providing microcredit/loan to rural and women from marginalized sections of society with an objective of socio-economic

Although these institutions are operating in the region since many years they fail to study the problems which are faced by borrowers. In the past, few studies have been conducted **()** to take up this issue but the focus was on Self Help Groups (SHG). Many NBFC-MFIs are providing microcredit via JLGs which differ in approach from SHGs. Lack of empirical evidence on the problems of the borrowers this study was designed and implemented among the various NBFC-MFIs borrowers in the villages of Haridwar district of Uttarakhand.

D.PARTICIPANTS AND PROCDURES

Sampling Technique: Non Probability Sampling i.e. Convenience Sampling technique to collect the data. Four villages (Dhadeki, Bhurna, Khanpur and Tugalpur) were chosen from the two blocks of Haridwar district (two villages from each block). Our research objective focuses on the problems faced by the microcredit borrowers in Joint Liability Groups (JLGs) and due to lack of related literature we had to interact with the borrowers to explore the problems they faced while availing loan through JLGs.

Sampling Unit and Sample size: The borrowers of these villages availing credit from NBFC-MFIs via JLGs served as the sample/respondents for the present study. Since NBFC-MFIs are the second largest microcredit provider after commercial banks, particularly in the rural areas and since they have presence in all the villages so they were taken for the study. These MFIs provide loan only to the women borrowers so the sample for the research comprises of women borrowers. Each borrower served as the sampling unit for the research.

It was ensured that the purpose of the research is made clear to the respondents by explaining it to them personally and in groups. Exclusion criteria include all those borrowers availing individual loan and loan from any other institution besides NBFC-MFIs. Pilot test of the research instrument was also conducted to ensure that respondents understand what is being asked from them as majority of them were illiterate.

Sample size of 400 was taken for the study questionnaires were filled through face to face interaction with the borrowers to ensure that they understand what is being asked as many of them were illiterate. Out of the total questionnaire 362 were complete and were used for the research.

IV. DATA ANALYSIS AND FINDINGS

For the data analysis Inferential Statistics is used. The problems which are faced by more than 40% of the respondents will be considered as the major problems. In order to accomplish the objective of the study Bivariate Analysis i.e. Cross Tabulation is used to establish the relation between the variables (Chawla,2014). For the purpose of analysis Statistical Package for Social Sciences (SPSS version 21) was used. The results of the cross tabulation are more meaningful if the cell frequencies are calculated in percentages so percentages of the cells are taken to write the findings (Chawla and Sodhi, 2014).

Table 1. Major Problems faced by borrowers across villages

Problems faced by the Borrowers		Name of Village				TOTAL
		DHADEKI	BHURNA	KHANPUR	TUGALPUR	
Strict repayment schedule	Count	53	68	68	54	243
	% within Villages	**60.2%**	**72.3%**	**74.7%**	**60.7%**	
Non-Cooperation among group members	Count	19	38	34	20	111
	% within Villages	21.6%	**40.4%**	37.4%	22.5%	
Presence of one lending institutions/unavailability of lending institutions	Count	24	18	26	11	79
	% within Villages	27.3%	19.1%	28.6%	12.4%	
Late repayment/non repayment of loan by group members	Count	51	55	57	53	216
	% within Villages	**58.0%**	**58.5%**	**62.6%**	**59.6%**	
Lack of family support.	Count	19	29	37	22	107
	% within Villages	21.6%	30.9%	**40.7%**	24.7%	
Peer pressure from group members	Count	34	38	42	36	150
	% within Villages	38.6%	**40.4%**	**46.2%**	**40.4%**	
Lack of loan related information	Count	43	46	36	49	174
	% within Villages	**48.9%**	**48.9%**	39.6%	**55.1%**	
Small/Insufficient loan size	Count	45	62	47	38	192
	% within Villages	**51.1%**	**66.0%**	**51.6%**	42.7%	
Attend the group meetings regularly	Count	19	32	41	38	130
	% within Villages	21.6%	34.0%	**45.1%**	**42.7%**	
Problem due to small/large size of the group	Count	10	31	34	20	95
	% within problems	10.5%	32.6%	35.8%	21.1%	
	% within Villages	11.4%	33.0%	37.4%	22.5%	
Behavior of field staff	Count	3	17	17	4	41
	% within Villages	3.4%	18.1%	18.7%	4.5%	
Total	Count	88	94	91	89	362

Table 1 (a) Findings on major Problems faced by borrowers

DHADEKI	BHURNA	KHANPUR	TUGALPUR
60.2% of the respondents face the problem of strict **repayment schedule.** **Late repayment/Non repayment of loa**n by group members faced **by 58%** of the respondents in the village. **Small loan size** is also one of the problems faced **by 51.1 %** of the respondent. **Lack of loan related information** is another issue faced **48.9%** of the respondents in the village.	**72.3%** of the respondents find **Strict repayment schedule** as major issue of group loan. Issue of **Small loan size** is faced by **66%**. **58%** face **late repayment/ Non repayment of the loan amount** by the group members. **48.9%** of respondents opine **lack of loan related information** is a problem for them. **40.4%** faces the issue of **Non-Cooperation among group members** and Peer pressure among group members.	**74.7%** of respondents found **Strict repayment schedule** as major issue. For **62.6% late repayment/Non repayment of loan by group members** was a problem. **51.6%** consider **Small loan size** as a problem with group loan. **Peer pressure among group members** and **Attending the group meetings regularly** were faced by **46.2** % and **45.1%** of respondents.**40.7%** of respondent from this village often experience **lack of family support**.	**60.7%** of the respondents said that **Strict repayments schedule** was major issue here. For **59.6%** late repayment/ Non repayment of the loan was the problem. **Lack of loan related information** is faced by **55.1%** of respondents. **Small loan size faced** by **42.7%, attending the group meetings regularly** faced by **42.7%** and **Peer pressure among group members** by **40%** of the respondents of the village.

Table 2. Problems of borrowers having Group Association Upto 3 years

Problems faced by Borrowers		Name of Village				TOTAL
		DHADEKI	BHURNA	KHANPUR	TUGALPUR	
Strict repayment schedule	Count	49	63	57	53	222
	% within Village	**58.3%**	**72.4%**	**75.0%**	**61.6%**	
	% of Total	14.7%	18.9%	17.1%	15.9%	66.7%
Non-Cooperation among group members	Count	19	36	27	19	101
	% within Village	22.6%	**41.4%**	35.5%	22.1%	
	% of Total	5.7%	10.8%	8.1%	5.7%	30.3%
Presence of one lending institutions/unavailability of lending institutions	Count	22	15	24	11	72
	% within Village	26.2%	17.2%	31.6%	12.8%	
	% of Total	6.6%	4.5%	7.2%	3.3%	21.6%
Late repayment/non repayment of loan by group members	Count	49	51	47	51	198
	% within Village	**58.3%**	**58.6%**	**61.8%**	**59.3%**	
	% of Total	14.7%	15.3%	14.1%	15.3%	59.5%
Lack of family support	Count	18	27	31	22	98
	% within Village	21.4%	31.0%	**40.8%**	25.6%	
	% of Total	5.4%	8.1%	9.3%	6.6%	29.4%
Peer pressure from group members	Count	32	35	31	34	132
	% within Village	38.1%	**40.2%**	**40.8%**	39.5%	
	% of Total	9.6%	10.5%	9.3%	10.2%	39.6%
Lack of loan related information	Count	42	45	35	47	169
	% within Village	**50.0%**	**51.7%**	**46.1%**	**54.7%**	
	% of Total	12.6%	13.5%	10.5%	14.1%	50.8%
Small loan size	Count	42	58	36	37	173
	% within Village	**50.0%**	**66.7%**	**47.4%**	**43.0%**	
	% of Total	12.6%	17.4%	10.8%	11.1%	52.0%
Attend the group meetings regularly	Count	16	28	34	36	114
	% within Village	19.0%	32.2%	**44.7%**	**41.9%**	
	% of Total	4.8%	8.4%	10.2%	10.8%	34.2%
Problem due to Group Size	Count	8	27	25	19	79
	% within Village	9.5%	31.0%	32.9%	22.1%	
	% of Total	2.4%	8.1%	7.5%	5.7%	23.7%
Behaviour of field staff	Count	2	17	12	4	35
	% within Village	2.4%	19.5%	15.8%	4.7%	
	% of Total	0.6%	5.1%	3.6%	1.2%	10.5%
Total	Count	84	87	76	86	333
	% of Total	25.2%	26.1%	22.8%	25.8%	100.0%

Table 2(a) Findings on major problems of borrowers with Group Association upto 3yrs

DHADEKI	BHURNA	KHANPUR	TUGALPUR
Strict repayment schedule and **Late repayment Non repayment by group members** received same percentage of response i.e. **58.3%** respondents in the village face it. Similar pattern is observed between other two issues which are **Lack of loan related information** and **Small loan size** as both received equal response as faced by **50%** of the respondents of the village.	**72.4%** of the respondents find **Strict repayment schedule** as the major problem. **66.7%** respondents find it is the **Small loan size** which is problem for them. **Late repayment/Non repayment of loan by group members** is problem for **58.6%** of the respondents. **Lack of loan related information** also comes up to be an important problem as faced by **51.7%** of the respondent. **Non-cooperation among group members (faced by 41.4%)** and **Peer pressure among group members (faced by 40.2%).**	**75 %** of the respondents of this village face the issue of **Strict repayment schedule.** **61.2%** of the respondents experienced **late repayment/Non repayment of loan by group members.** **Small loan size** and **lack of loan related information** are also problems of group loan as the former faced by **47.4%** and latter faced by **46.1%** of respondents. **44.7%** of the respondents found difficulties in **attending the group meetings regularly.** **40.8%** of respondent suffer from **lack of family support** and **Peer pressure among group members.**	**61.6%** of the respondents in the village face the problem of Strict **repayment schedule.** **59.3%** of the 4 respondents suffer from **late repayment /Non repayment of loan by group members.** **54.7%** also consider **lack of loan related information** as a problem of group loan. **Small loan size** and **attending the meetings regularly** are faced by **43% and 41.9%** of respondents.

Table 3. Major Problems of Borrowers having Group Association of more than 3 yrs

Problems faced by Borrowers		Name of Village				Total
		DHADEKI	BHURNA	KHANPUR	TUGALPUR	
Strict repayment schedule	Count	21	34	73	13	141
	% within Village	100.0%	94.4%	94.8%	86.6%	
	% of Total	14.1%	22.8%	48.9%	8.7%	94.5%
Non-Cooperation among group members	Count	0	31	69	13	113
	% within Village	0.0%	86.1%	89.6%	86.6%	
	% of Total	0.0%	20.8%	46.3%	8.7%	75.8%
Presence of one lending institutions/unavailability of lending institutions	Count	11	32	13	0	56
	% within Village	52.3%	88.9%	16.9%	0.0%	
	% of Total	7.4%	21.5%	8.7%	0.0%	37.6%
Late repayment/non repayment of loan by group members	Count	12	33	72	14	131
	% within Village	57.1%	91.7%	93.5%	93.3%	
	% of Total	8.1%	22.1%	48.3%	9.4%	87.9%
Lack of family support.	Count	18	31	68	0	117
	% within Village	85.7%	86.1%	88.3%	0.0%	
	% of Total	12.1%	20.8%	45.6%	0.0%	78.5%
Peer pressure from group members	Count	11	32	73	14	130
	% of Total	7.4%	21.5%	49.0%	9.4%	87.3%
Lack of loan related information	Count	1	8	5	14	28
	% of Total	0.67%	5.4%	3.4%	9.4%	18.8%
Small loan size	Count	20	33	73	13	139
	% within Village	95.2%	91.7%	94.8%	86.7%	
	% of Total	13.4%	22.1%	49%	8.7%	71.1%
Attend the group meetings regularly	Count	20	33	39	14	106
	% within Village	95.2%	91.7%	50.6%	93.3%	
	% of Total	13.4%	22.1%	26.2%	9.4%	71.1%
Problem due to small/large size of the group	Count	10	33	65	13	121
	% within Village	47.6%	91.7%	84.4%	86.7%	
	% of Total	6.7%	22.1%	43.6%	8.7%	81.1%
Behaviour of field staff	Count	18	0	67	0	85
	% within Village	85.7%	0.0%	87.0%	0.0%	
	% of Total	12.0%	0.0%	45.0%	0.0%	57%
	Count	21	36	77	15	149
	% of Total	14.1%	24.2%	51.7%	10.1%	100.0%

Table 3(a) Findings on problems of borrowers with Group Association > 3yrs

DHADEKI	BHURNA	KHANPUR	TUGALPUR
All i.e. **100%** respondents say that **Strict repayment schedule** is the major issue faced. **95.2%** said **Small loan size** and **Attending the meetings regularly** are also among the major issues. Equal percentage of respondents i.e. **85.7%** found lack **of family support** and **behaviour of field staff** among prominent issues. **57.4% found late repayment/Non repayment of loan** by group members, as problems. **52%** experienced **Peer pressure among group members** and **Presence of one lending institution/unavailability of lending institutions**.	**94.4%** of the respondent found **Strict repayment schedule** as the major issue. **Late repayment/non repayment of loan by group members, small/loan size, attending the group meetings regularly** and **problem due to group size** received equal response of **91.7%** by respondents. **Presence of one lending institution/Unavailability of lending institution** and **Peer pressure from group members** was faced by **88.9%** of borrowers. **Non-cooperation among group members** and **lack of family support** again received same response as same percentage of respondents i.e. **86.1%** of the respondents face it while taking group loan.	**With equal percentage of response Strict repayment schedule, peer pressure among group members** and **small loan size were the major issues here.** **Late repayment/Non repayment of loan** by group members was issue for **93.5%** of borrowers. **89.6%** experience **Non-Cooperation among group members, 88.3%** experience **lack of family support** whereas **87%** faced the problem with the **Behaviour of field staff**. **Group size** is also a major issue as faced by **84.4%** of the borrowers. **Attending the group meetings** regularly was a problem for **50%** of the respondents.	**Attending the meetings regularly, lack of loan related information, Peer pressure among group members** and **late repayment/Non repayment of loan by group members** has equal percentage of response i.e. **93.3%** of borrowers face them. **Strict repayment schedule, Non-Cooperation among group members, Small loan size** and **size of the group** received same response of **86%** respondents come across these issues while availing group loan.

a. Discussion of Result

The findings (See Table 1) for first objective have been put together (See Table 1(a)) which reveals-the major problems were-*strict repayment schedule* also observed by (Padmalochan, 2016), *Non repayment/Late repayment of loan amount by the group members, lack of loan related information and small loan size*. Non cooperation among the group members is also a problem faced by the borrowers in the group as other studies has already observed (Padmalochan, 2016; Murugan & Balaramurugan, 2014). Peer pressure among group members and attending the group meetings regularly also appear to be the major issues of loan through JLGs. Thus Group Synergy can be harnesses in better way to make JLG lending sustainable in future. Constant follow up will give better understanding of the developmental support required by JLGs. (Srivastava and Debabrata, 2015). Group size, group dependency is one of the problems of JLGs. Non cooperation among group members weakens the group solidarity which is also an issue. Joint Liability can achieve better screening by encouraging peer monitoring and incentivise the borrowers for timely repayment of loan. Yeboah & Oduro, 2018)

The findings (See Table 2 & Table 3) for second objective have been put together (See Table 2(a) & 3(a)) which provides the evidence that members with Group association up to 3 years face lesser in comparison to those having group association of more than 3 yrs.

The major with borrowers having group association up to 3 years (see Table 2(a)) were- strict repayment schedule, late repayment/Non repayment of loan by group members, lack of loan related information and small loan size. Group factors like Non cooperation among group members and peer pressure among group members are also sensitive issues which cannot be neglected while lending through groups. Lack of family support also is a major issue which a borrower face while availing loan in group, as was also found in the study by (Murugan & Balaramurugan, 2014).

Borrowers with group association of more than 3 yrs (see Table 3(a)) the issues were- strict repayment schedule, small loan size, presence of one lending institution/unavailability of lending institutions, group size, late repayment/non repayment by the group, lack of support of family members, peer pressure among group members, behaviour of field staff and attending the group meetings regularly. The findings suggest that on there exist a relationship between the villages based on the types of the problems faced by borrowers as similar problems permeate across four villages. Also, group association have bearing on the types of the problems, longer is the group association, more problems are faced by the borrower.

V. CONCLUSION

The above findings suggest that NBFC-MFIs are 'credit oriented' institutions which provide collateral free loan/credit to women borrowers via JLGs. The issues like-small loan size, strict repayment pattern, lack of loan related information, non repayment of loan etc must be dealt with effective solutions. The findings suggest that if there is varying level of penalty or incentives for the default

payments group model will yield higher results (Bhole and Ogden, 2010). Since women are from marginalised segment flexible repayment schedule should be implemented. So, more research investment is needed to address the borrower's problems in group lending. Group Synergy can be harnesses in better way to make JLG lending sustainable in future. Constant follow up will give better understanding of the developmental support required by JLGs. (Srivastava & Debabrata, 2015). Loan officers should intensify the monitoring activities (Peter, 2010; Yeboah & Oduro, 2018). Better training and supervision is required to improve loan repayment. It is important that stakeholder give equal attention to these problems. (Gutu, Mulugeta & Berlie, 2017).

A study by (Cassar, Crowley& Wydick, 2007) in South Africa and Armenia concluded that trust and social ties among group member are important for loan repayment. If the social ties among the group members are weak the model may not prove effective. Thus increases the cooperation among the group members and also mitigate the risk arising from the moral hazards (Peter,2010**).**Group members should be aware about the repayment date to reduce the default in payment by the group members as many of them depend on the credit for further investment. Follow up of loan provides incentive to repay the loan (Gine & Karlan,2014). There is also need to monitor the group size as it size affects the access and benefits from group loans (Baland, Somanathan & Wahhaj,2013,;Ahlin 2013). There is necessity to monitor within the groups as well (Peter, 2010). Thus, all the major problems can be put under three broad categories- Credit related problems, Group related issues and Other Problems to have better understanding

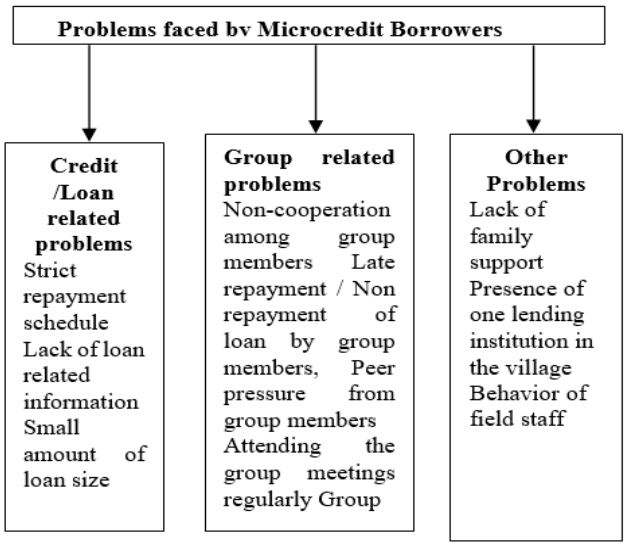

Fig 3. Problems faced by Borrowers in JLGs

result from this study are alarming as it reveals the problems while taking credit via JLG of NBFC-MFIs by the rural women of Haridwar district of Uttarakhand. There is need for follow up studies to understand the problems which the borrowers face. Nonetheless, despite the problems faced by the borrowers in availing credit via group model, there extent of socio economic development of these borrowers is encouraging. Another aspect worth taking into consideration in the future studies would be to evaluate on frequent time intervals the issues that borrowers face in group model. NBFC-MFIs should not only limit itself to extend credit as it is the primary objective of these organizations but should focus on understanding the borrower's side. The additional contribution of this study will be that it will provide MFIs to come together and adopt integrated approach in addressing the problems and devise the solutions to make JLGs sustainable in the long run and not be only seen as the methodology to merely lend credit. It should be noted that in this paper we have considered the borrowers of NBFC-MFIs. Since the previous researches have (Yeboah & Oduro, 2018) shown that local conditions play important role in success of group lending. . Further there exists wide scope for the studies to be conducted to understand the problems of borrowers taking credit from other types of MFIs (Cooperatives, Societies, Non Governmental Organisations etc) not only under group model but also in individual lending.

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